



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460


MAY 10 1996


**OFFICE OF REGIONAL OPERATIONS
AND STATE/LOCAL RELATIONS**

MEMORANDUM

SUBJECT: FY 97 Performance Partnership Agreements

TO: Senior State Environmental Officials

FROM: Mary Gade, Co-Chair 
Oversight Reform/Performance Partnership Sub-committee, State/EPA
Capacity Steering Committee

Shelley H. Metzenbaum, Co-Chair 
Oversight Reform/Performance Partnership Sub-committee, State/EPA
Capacity Steering Committee

The landmark agreement to "Reform Oversight and Establish a National Environmental Performance Partnership System (Performance Partnerships)," signed by EPA and State leaders on May 17, 1995, set out the framework for building a more effective State-EPA partnership for managing the nation's environmental programs. The goal of the new system is to strengthen protection of public health and the environment by directing scarce public resources toward the most pressing environmental needs, providing States with more flexibility in how they achieve environmental results, and enhancing our accountability to the public.

When EPA and State leaders signed the agreement, we committed to jointly pursuing development and implementation of the National Environmental Performance Partnership System. We began work immediately to put the system in place for States wishing to participate during the first year. We would now like to share with you the progress we have made thus far, and to provide a timetable for moving Performance Partnership implementation efforts forward during FY 97.

In FY 96, we made significant progress in the transition to Performance Partnerships. As of April 24, 1996, five States (Colorado, Delaware, Illinois, New Jersey, and Utah) have signed

Performance Partnership Agreements with EPA Regions. Oklahoma and Region 6 are nearing completion of a sixth agreement. We are pleased to report that about two dozen States have already begun working with their Regions to prepare for participation in the new system in FY 97.

The tremendous value and potential of this new approach is already apparent. Participating States report that the process of performing a self-assessment and developing a PPA has brought about an unprecedented level of cross-program synergy and strategic thinking about the State's environmental protection efforts as a whole. The focus on environmental results forces challenging discussions on setting environmental goals and appropriate indicators and performance measures to gauge progress in meeting them. Through the joint planning and priority setting process, both the States and EPA Regions now have a better understanding of what the environmental needs are and how they will work *together* to address them.

To encourage maximum creativity, details on how to implement the system were kept to a minimum during this transition year. The resulting range of approaches to various aspects of the system provides a good base of experience for learning what works well and what hurdles need to be overcome. Throughout the year, State and EPA officials have engaged in dialogues at both the national and Regional levels, working to identify and resolve issues as they have arisen. They have also participated in workshops and other meetings to share experiences and built a better understanding of the opportunities and challenges presented by the new partnership system. EPA recently began an analysis of Performance Partnerships implementation, focusing on the first year's self-assessments and agreements, to glean insights to help us ease implementation in the future.

From a cursory survey of the EPA Regions and States, and as many States discussed among themselves at the ECOS meeting in November, it appears that the majority of States have already begun moving toward some form of Performance Partnership agreement with EPA in FY 97. We realize that the delayed passage of the Performance Partnership Grant (PPG) authority may necessitate delayed negotiations during FY 97 for those States seeking to combine grants using PPG authority. Our expectation is that all States will enter into Performance Partnership Agreements in FY 97.

We propose the attached timetable with key milestones for Performance Partnership implementation in FY 97. If you have any questions or concerns regarding this proposed schedule, please call Shelley Metzenbaum (202/260-4719) or Mary Gade (217/782-9540) by May 24, 1996.

Attachments

cc: Carol Browner
Fred Hansen
Assistant Administrators
Regional Administrators

Timetable for FY 97 Performance Partnership Agreements (PPAs)

<u>Action</u>	<u>Milestone</u> (1996)
• Joint State/EPA group develops approach for NEPPS under administrative grant provisions	May
• Distribution of national Goals project report for government-wide review	May
• States/EPA complete first round evaluation of FY 96 pilot experiences, distribute findings	May 28 (for distribution at All-States meeting)
• All-States meeting	June 3-4
• All participating States submit self-assessments for programs to be covered in PPA/EnPA	July 15
• National Program Managers furnish updated core program performance measures for FY 97	July 15
• States/EPA Regions conduct joint planning sessions	August
• States/EPA Regions negotiate, sign FY 97 PPAs/EnPAs	September/October

NOTE: This timetable for joint planning and PPA/EnPA negotiation is based on State fiscal year that begins on October 1. Joint planning and negotiation of the PPA/EnPA should begin in May for States which begin their fiscal years in July.

Summary of Key Events

National Environmental Performance Partnership System

Following is a summary of major events marking the development process for the National Environmental Performance Partnership System (NEPPS).

- 5/17/93 State/EPA Capacity Steering Committee (SECSC). EPA Administrator establishes SECSC and charges it with implementing recommendations in the 1993 *State Capacity Task Force Report*.
- 7/14/94 "Joint Policy Statement on State/EPA Partnership." EPA Administrator and several State Commissioners signed this Joint Policy Statement articulating seven principles setting a new tone for the EPA working relationship with States.
- 5/17/95 "Joint Commitment to Reform Oversight and Create a National Environmental Performance Partnership System (Performance Partnerships)." At the All-States meeting, the EPA Administrator and Deputy Administrator join the Co-Chair of SECSC and Co-Chair of the SECSC Oversight Reform Committee in signing the commitment to developing NEPPS. The schedule for implementation set FY 96 as a transitional year in which States could elect to have specific programs participate in the new system. Based on these pilot experiences, refinements would be made, paving the way for all applicable programs to participate in FY 97. At the State's option, pending legislative authority, a performance partnership grant (PPG) could also be sought based on EPA guidance.
- 9/7-8/95 National Oversight Reform Workshop. At this workshop, held in Atlanta, State and EPA officials shared their experiences working with the new system. Participating States provided and discussed their first self-assessments. A draft Guide was provided and discussed for approaches to implementation.
- 10/24/95 Utah partnership agreement signed.
- 10/27/95 Illinois partnership agreement signed.
- 11/2/95 Delaware agreement signed.

11/6-8/95

ECOS Annual Meeting. A panel discussion was held to consider progress in implementing Performance Partnerships and oversight reform. During this session, it was explained that FY 96 was a transition year, and that all States were encouraged to participate in FY 97. ECOS' Strategic Planning Committee also considered the matter via an updated work plan and consideration of concerns about how to handle criteria for "leadership status." The ECOS membership adopted a position to defer final decisions on a leadership program for one year (until FY 98), and to assess results from pilot State leadership efforts during FY 97. Basic components of NEPPS (environmental goals/indicators, core program performance measures, self-assessments, environmental performance agreements, differential oversight, and increased public involvement) remained on track.

1/18/96

Colorado partnership agreement signed.

2/7/96

ECOS Meeting with EPA Deputy Administrator. ECOS met with the EPA Deputy Administrator to reaffirm State interest in maintaining momentum in implementing NEPPS and to discuss a process for accommodating environmental performance agreements under categorical grants. States and EPA Regional offices want assurance that the negotiated EnPAs would be recognized under the Federal administrative grant regulations. EPA and State officials are now working to address these issues and they will be resolved by the summer.

3/29/96

New Jersey partnership agreement signed.